



GREATER
KOKSTAD
MUNICIPALITY

PROVINCE OF KWAZULU-NATAL

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OFFICE OF THE MUNICIPALITY MANAGER

Hon Speaker Cllr Mhlongo thank you very much,
Deputy Mayor Cllr Walker,
Exco Member Cllr Dumisa,
Hon Councillors,
Management led by Municipal Manager Mr Mapholoba,
All stakeholders present,
Media Houses,
All protocol observed,

Mr Speaker Chapter 13 of the National Development Plan talks about a capable and a developmental state where it says ***“A developmental state tackles the root causes of poverty and inequality. A South African developmental state will intervene to support and guide development so that benefits accrue across society (especially to the poor), and build consensus so that long-term national interest trumps short-term, sectional concerns”*** Hon Councillors and Management the onus is upon to make sure whatever cent that we spend must heed the call that comes from the National Development Plan vision 2030. As I present this budget Mr Speaker, I take note of how time flies. We are almost year in the office and four years to before the end of our term in 2021. By that time, we need to count the changes that we brought to the people of Kokstad instead of counting excuses. Excuses will not assist the poor citizens from Shayamoya, Twisvalley, Horseshoe and Franklin to count the few. Excuses will not generate revenue for us to fight poverty, develop infrastructure, fight social ills and promote youth development.

City of Economic Possibilities

As I present what is my first budget speech as the Mayor of GKM I wish to retaliate what I said above to councilors and management that we must work beyond expectations for us to build a “City of Economic Possibilities”

Back to business, the preparation process of the Draft Capital and Operating Budget 2017/2018 commenced as required by Municipal Finance Management Act by submitting the Budget and IDP Review process plan to Council for approval before 31 August 2016. During these Budget and IDP Reviews, the communities and other stakeholders have submitted their needs to be included in the IDP and their priorities to be budgeted for of which the Management have consolidated those budget proposals with alignment with the IDP to advise Council on Budget product.

PROPOSED FINAL OPERATING BUDGET

The total final operating expenditure has been revised from a budgeted sum of R392, 653m to R 370,111 due to the following reasons:

- Transfers and grants (indigent) of R 21,206 allocated as an expense under revenue;
- Bulk purchase reduced to 0.33 per cent as per the final NERSA guideline

No adjustments have been done on Councillors remuneration as per Provincial Treasury since Treasury did not consider the fact that the gazette was issued in December 2016 for the 2016/2017 financial, an increment need to be considered for the 2017/2018 financial year budget.

Description	Draft Budget 201718	Final Budget 201718	Increase/(Decrease) from final	% Increase (Decrease)
Employee related costs	121 033	121 033		0%
Remuneration of councillors	7 429	7 429		-
Debt impairment	8 907	8 907		-
Depreciation & asset impairment	63 138	63 138		-
Finance charges	1 782	1 782		-
Bulk purchases	96 616	94 829	(1 787)	-2%
Contracted services	27 752	27 752		-
Transfers and grants	21 206		(21 206)	
Other expenditure	26 643	27 093	450	2%
Expenditure	374 507	351 964	(22 543)	-6%
Repairs and maintenance	18 147	18 147		-
Total Operating Expenditure includes Repairs	392 653	370 111	(22 543)	-6%

Final Salaries budget

Salaries, wages and allowances are proposed to increase from R 117,681m (2016/17) to R128,467m (2017/2018) which is 8% increase on overall salary budget. The increase on salaries, wages and allowances budget is made 7, 4 % salary increment projected on bargaining council to be agreed by labour and employer components. Some Vacant critical positions have been budgeted for in this final budget.

CONDITIONAL AND UNCONDITIONAL GRANTS

The total final operating expenditure has been revised from a budgeted sum of R100, 223m to R 88,223 due to the following reason:

- Small Towns grant of R12m which was anticipated to be received in 2017/2018 financial year has already been deposited by Treasury to the Municipal account and will be treated as unspent grant.

Description	Current Year 2017/18	2017/18 Medium Term Revenue & Expenditure Framework		Purpose
		Budget Year 2018/19	Budget Year 2019/20	
R thousand	Original Budget 2017/18	Budget Year 2018/19	Budget Year 2019/20	Purpose
RECEIPTS:				
Operating Transfers and Grants				
National Government:	45 290	52 986	55 802	
Local Government Equitable Share	43 490	51 186	54 002	Unconditional, provisioning of municipal services and indigent support.
Finance Management	1 800	1 800	1 800	Conditional. Financial Management Reforms implementation as per MFMA.
Municipal Systems Improvement	–	–	–	Conditional, municipal administration systems enhancement and improvement.
Sport and Recreation	–	–	–	
KZN Arts and Culture	1 758	1 848	1 931	Conditional grant allocated for library activities
EPWP	1 000	–	–	
SETA	8 865	–	–	Conditional grant allocated for the unemployed learnership learning intervention
Special Support for Councillor Remuneration	3 760	–	–	Conditional Special Support for Councillor Remuneration and Ward Committees
Total Operating Transfers and Grants	60 673	54 834	57 733	
Capital Transfers and Grants				
Municipal Infrastructure Grant (MIG)	17 550	18 328	19 149	Conditional, infrastructural improvement for provisioning of basic services.
DOE	10 000	30 000	45 000	Conditional, infrastructural improvement for provisioning of basic services.
Small town Rehabilitation		–	–	Conditional, infrastructural improvement for provisioning of basic services.
Total Capital Transfers and Grants	27 550	48 328	64 149	
TOTAL RECEIPTS OF TRANSFERS & GRANTS	88 223	103 162	121 882	

PROPOSED FINAL CAPITAL BUDGET PER FUNDING SOURCE

The proposed final capital budget has been compiled after taking into account a list of priorities from Ward Councillors and communities. These projects are also in line with the IDP. The allocations for infrastructural projects from Grant funding and municipal revenue are as follows:

SOURCES OF FUNDING - CAPITAL	DRAFT BUDGET 2017/18	FINAL BUDGET 2017/18	% INCRE ASE
MIG	17 550	17 550	100%
Council Revenue	24 155	36 155	150%
DOE	10 000	10 000	100%
Small Town Rehabilitation	12 000		0%
TOTAL	63 705	63 705	100%

The overall proposed Capital budget is proposed to be at a total of R63, 705m (36,1m funded by own revenue)

PROJECT NAME	DEPT	ORIGINAL BUDGET 2017/	BUDGET 2018/19	BUDGET 2019/20
ICT Upgrade	Coporate	1 040 000		
Eco Time Clock	Coporate	200 000		
Office Furniture & Equipment	FINANCE	210 000	-	
Plant & Equipment	IPD			
Statue	Clir	1 200 000		
Sound System	MM	150 000		
Motor Vehicles	MM	400 000		
COMMUNITY HALL WARD 2	Amenities			
Community Hall Ward 8	Amenities		-	
Community Hall Thuthuka Ngele	Amenities	-		
Community Hall Bhongweni Area 5/6	Amenities			
Community Hall Shayamoya	Amenities	1 600 000		
Community Hall Maraiskop	Amenities	200 000		
FENCING FOR THE BONGWENI CEMENTERY	CEMETERY	1 500 000		
LAND FOR NEW CEMENTERY	CEMETERY		5 000 000	
TRUCK FOR SKIP BINS & SKIP BINS	CLEANSING	1 300 000		
TRAILER FOR SKIP BINS	CLEANSING	250 000		
BRUSH CUTTERS	CLEANSING	50 000		
Homes 2010 electrification	Electrical	1 500 000		
Ellectrical Truck with skyjack	Electrical	1 000 000		
Standby Quarters Phase 2	Electrical	250 000		
Electrification of Wildlands Farm (Donkerspruit)	Electrical	1 000 000	1 000 000	
Bhambayi)				
Upgrade of Mini substations & Transformers	Electrical	3 000 000		
substation	Electrical			
Supply and Installation of Mini Sub stations	Electrical			
Electrification of Infomal Settlements / NMD	Electrical	4 000 000	4 000 000	
FIRE FIGHTING VEHICLE	FIRE	600 000		
OFFICE FURNITURE AND EQUIPMENT	FIRE	20 000		
Upgrading of Bhongweni Stadium	IPD			
TLB	IPD	900 000		
Bakkies for Technician	IPD	250 000	500 000	500 000
Mini Truck	IPD	300 000	300 000	300 000
Plate Compactor	IPD	110 000	100 000	100 000
Jet Sucking Machine	IPD	250 000		
FRANKLIN Container Bakery	LED	125 000		
Twistville Container Bakery	LED	125 000		
Office equipment	Library	45 000		
RIDE ON MOWER FOR ALL SPORTS FIELDS	PARKS	50 000		
LEAF SUCKING TRAILER AND MACHINE	PARKS	300 000		
CHAINSAW	PARKS	100 000		
BRUSH CUTTERS	PARKS	50 000		
LAW ENFORCEMNT VEHICLE	PROTECTION	600 000		
Hydraulic Jack & Breathalyser machine	PROTECTION	100 000		
ROAD MARKING MACHINE ,FITTED TO BAKKIE	PROTECTION	200 000		
OFFICE FURNITURE	PROTECTION	180 000		
Stormwater upgrade - Murray & St Johns	ROADS	1 000 000	2 000 000	1 000 000
Small Towns Rehab		12 000 000		
Stormwater upgrade - CBD	ROADS	-	1 000 000	1 000 000
Kokstad Midblock Roads (SMME's)	ROADS			
Acess Link roads	ROADS		2 000 000	2 500 000
MID BLOCK ROADS	ROADS		2 400 000	2 500 000

City of Economic Possibilities

PROPOSED FINAL TOTAL CAPITAL AND OPERATING BUDGET

The total proposed final capital and operating budget for 2017/2018 is estimated at sum of R433, 816m from R435, 152m and this is tabled as follows:

Description	Draft budget 201718	Final budget 201718
Operating	353 301	351 964
Capital	63 705	63 705
Repairs and maintenance	18 147	18 147
Total Budget	435 152	433 816

Municipal tariffs are proposed to increase as follows:

Property Rates

Rate randages are proposed to be 0,016627 for in each rand value as determined in the General & Supplementary Valuation rolls for Residential properties and 0.016627 for vacant land

For Business & Industrial 0,032971, Government categories the proposed rate randage is 0,042271 for in each rand value as determined in the General & Supplementary Valuation rolls.

For agricultural, and public service infrastructure, the ratio on rate randages will remain at 1:0.025 of residential randages to be at 0.003990 for in each rand value as determined in the General & Supplementary Valuation rolls.

Rates exemptions for residential properties will remain at first 40,000 rands of the property value as determined in the rolls.

Electricity tariffs

Electricity is estimated to increase by 1.88 percentage as per NERSA approval as will be determined on consideration of the municipal application and Eskom bulk electricity increase 0.33%.

Refuse Removal and Fire Levy

On consideration of inflation forecast and the provisioning of the cleansing safety services in ensuring that the municipal citizens are leaving in a clean and healthy environment are safe from fire damages, the charges on refuse removals, general cleaning and fire of the municipal area are proposed to increase by 6.1%.

Other Municipal Charges

All other municipal charges for the direct services provided on municipal citizen's request are proposed to increase by 6.1%. These are services like use of municipal facilities, cemetery services, other traffic management services, building control services, planning services etc.

Mr Speaker as much as the budget reflects a deficit of R24m, the budgeted cash flow reflects a cash and cash equivalent of R95m. This means that the municipality should implement even more tighter expenditure control measures as well as vigorous debt collection; revenue enhancement and expansion strategies so as to maximize cash inflows and create reserves for the municipality.

Speaker to accelerate progress, deepen democracy and build a more inclusive society, South Africa must translate political emancipation into economic wellbeing for all. We must not rest and enjoy the privilege of being councilors until we forget our purpose of being here. We must play more oversight than promoting our personal interest. If something goes wrong, we have to answer to the community. We must earn our salaries.

To the Municipal Manager the Council is relying on you to safe guard the public money in terms of workers who are stealing government time through absenteeism. If this municipality is willing to attract investors, it must be ready to fight corruption tooth and nail.

It is up to all us here to build Kokstad, starting today. No political democracy can survive and flourish if the mass of our people remain in poverty, without land, without tangible prospects for a better life. Attacking poverty and deprivation must therefore be the first priority of a democratic government.

With those words, I table this budget to this Council for deliberations and approval.

Thank you Speaker.

